

27 December 1948

MEMORANDUM

To: Mr. Wisner
From: [redacted]
Subject: Meeting of 27 December 1948.

CENTRAL INTELLIGENCE AGENCY
CLASSIFICATION

Cancelled

BY [redacted]

Name [redacted]

Office [redacted]

Date [redacted]

1. The gentleman you requested me to see today in your absence told me in strictest confidence that after a series of discussions between himself, Admiral Hillenkoetter and General Erwin, it has been agreed in principle that Operation RUSTY will be taken over-- look, stock and barrel--by CIA; and that Admiral Hillenkoetter has already allocated one and one-half million dollars of CIA funds for this purpose. Army Ground Forces will man certain aspects of Operation RUSTY and will obtain and return certain information as to battle order, etc.; Army Air Force people will man certain aspects of Operation RUSTY and will obtain information as to air bombing targets. My informant stated that as the matter now stands, he is to return to Berlin tonight and communicate the results of his conversations to General Clay, who, he expects, will approve the decision referred to above. When General Clay's approval has been obtained, it is my understanding that steps will be taken here in Washington between General Erwin and Admiral Hillenkoetter to lay the entire project before the National Security Council "in order that the whole business will be done up brown."

Just
2. General Hall said that he was very pleased with the foregoing arrangements and thought that General Erwin and Admiral Hillenkoetter were satisfied also. In this connection I advised General Hall that I was most anxious to make arrangements for Dr. Hilger to receive reports and information from his former associates of Operation RUSTY. I pointed out that in order that Dr. Hilger could be most useful to us, it would be necessary to make available to him certain documents and information. He greatly appreciated this and said he would be glad to cooperate, and he commented that Captain Halleck had come back to Berlin with the information that Dr. Hilger had not been able to do any work of any kind up to the present time because of lack of reports from Operation RUSTY. I replied that Dr. Hilger had already made himself useful and that my interest in getting him data from Operation RUSTY was in order to make him even more useful. General Hall suggested that pending the conclusion of the transfer of Operation RUSTY to CIA, after which event OPC could, of course, make arrangements directly with CIA for Hilger's requirements, he would be glad to make arrangements for Colonel Mead to transmit any request from Dr. Hilger to his

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former associates at Operation RUSTY, and, in turn, would transmit such reports and information as might be forthcoming for Dr. Hilger through Colonel Mead, to me, and thence to Dr. Hilger. I replied that this would be quite satisfactory as a temporary arrangement.

3. General Hall then gave me the details of his reorganization plan in the intelligence setup in Germany, which, briefly, calls for abolition of Deputy Chief of Intelligence at Berlin (Col. Rhodes) and at EUCOM Heidelberg (Col. Schow). He said that under the new setup he would function really as Director of Intelligence, CINCEUR, and that Col. Schow would be Director of Intelligence for EUCOM. In addition, there would be a Director of Intelligence for Navy, together with a Director of Intelligence for CIA activities, and that Admiral Hellenkoetter had already promised him two qualified men for this office. There would also be established a Director of Intelligence for military government.

4. General Hall went on to say that the assignment of Colonel Schow to CIA in place of Colonel Galloway was not at all certain; that General Clay would be very reluctant to release him; Schow was not very anxious to come over; but that, he, General Hall, would be disposed to release him if Col. Schow really wanted to take the job provided it carried a "star" with it.

5. General Hall, as usual, was most cordial and cooperative.

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